

Rep. Patman Reveals CIA's Secret Use Of Private Foundation to Make Payoffs

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Washington, Sept. 1—(AP)—The J. M. Kaplan Fund of New York, a tax-exempt foundation, has been used as a secret conduit for funds paid out by the Central Intelligence Agency, Internal Revenue Service officials testified yesterday.

The disclosure was instigated at a hearing by a House Small Business subcommittee investigating tax exemptions for foundations.

Rep. Wright Patman (D-Tex), chairman of the subcommittee, first brought the subject into the open, saying he was doing so only because he felt he had been "trifled with" by the CIA. He said the CIA had not given him information it had promised him in connection with the case.

Then he had the two IRS officials confirm the CIA connection with the fund.

The New York office of the IRS twice in the past has recommended after audits that the foundation's tax exemption be revoked, but the national office of IRS overruled this recommendation. Now another audit by the district office is in progress.

Officials Testify

Mitchell Rogovin, assistant to the Internal Revenue commissioner, testified that Revenue Service first "became aware of their (CIA's) interest in the fund" late in 1961 when the intelligence agency brought the matter up with the tax collectors.

"They had learned that an audit of the fund was being conducted and they were concerned whether their interest would be made public and whether the fund would be jeopardized by the audit," Rogovin testified.

Rogovin and his superior, acting commissioner Bertrand M. Harding, said that even the New York office which was conducting the audit did not know of the CIA connection with the fund, whose books did not show it.

No Details Yet

There was no testimony as to how much CIA money passed through the fund or to whom it was paid. The Kaplan Fund refused to discuss the matter with newsmen.

The fund has said its pur-

pose is "to strengthen democracy at home and abroad through a program of general assistance to benevolent, charitable, educational, scientific, and literary activities, with some emphasis on intergroup relations."

Patman said that financier Jacob M. Kaplan, president of the foundation, had "waged a number of battles" to take over companies and "in some of these contests he has made use of charitable funds set up and dominated by him."

Patman Explains

Patman said Rogovin had told him privately last month about the CIA connection with the fund. Later, he said, a CIA counsel called on him and told him "the J. M. Kaplan Fund had been used as a conduit" through which the CIA could make payments it did not wish to make directly.

The CIA counsel said he didn't know the details," Patman reported.

Patman said he invited the CIA to furnish additional infor-

mation sought by the subcommittee, but that the request was "not followed up with anything meaningful." He said he would have listened sympathetically to suggestions that the matter be pursued in closed session, but "I feel like this committee has been trifled with . . . It looked to me as though this information (by the CIA counsel) was put out with the purpose of stopping the committee investigation . . ."

Harding and Rogovin testified about the CIA with obvious reluctance. They urged Patman to put his questions to CIA representatives in a closed session.

He finally agreed to a closed meeting later with Internal Revenue and CIA officials.